

CHEMICAL'S CASHIER OUT.

HE MADE UNAUTHORIZED LOANS  
ON DOUBTFUL SECURITIES.

**He Let John R. Silver and Frederick W. Grubel  
Have \$335,000 on Collateral That Presi-  
dent Williams Says Is Practically Worthless  
—Silver's Friendship with Bank Wreckers—**

After having loaned for his employers between \$200,000,000 and \$300,000,000 without a loss, William J. Quinlan, Jr., the cashier of the Chemical Bank, has been taken in and done for by a man who has been in the city and doing was by methods as old as the hills, and one of the men responsible was an acquaintance and friend of Pell and Clason and Simmons and the gang of bank wreckers who flourished here some 20 or 30 years ago in the business of divorcing banks and wrecking money by methods other than blow'g open the safe. This man himself has been mixed up in the wreckage of a trust company and the failure of a bank. Mr. Quinlan has resigned from the Chemical Bank and has gone to the city of Hartford, his assistant, has been appointed to succeed him temporarily. He also has resigned as trustee, and W. Emory Roosevelt, a banker at 33 Wall street, has been elected to succeed him.

signed his place came to the knowledge of **THE SUN**. It had been known to Mr. George G. Williams, the President of the bank, and the directors of the institution since Sunday. On Sunday afternoon Mr. Quinlan surprised President Williams by calling on him at his house and informing him that he had been acting foolishly at the bank and that he had lent a large sum of money to

Mr. Williams was astounded. Mr. Quinlan had been employed by the bank thirty-six years and for years had been its cashier, enjoying the implicit confidence of every man connected with

The institution. He had the right to make loans of the bank's money without consulting Mr. Williams when the loans were of small amount, but when they reached any considerable figure it was his duty to consult with the President before he lent the money. Mr. Quinlan told President Williams that the customers of the bank to whom he had made the loans were John Silver and Francis C. Grabel. Silver, he said, had obtained from the bank \$150,000, and the bank held as security for the money stock in a carbon company, the manufacturing plant of which was at Rahway, N. J., and of which Silver was President. Grabel had obtained \$243,000 of the bank's cash, and the collateral the bank held as

Mr. Quinlan explained to the President that he had not lent this money all at once to either

President Williams remembered John S. Silver. He had read things in the paper about him before, and as an old bank official interested in

that had held Silver's paper, backed up by securities of various sorts that didn't pan worth a cent. He was more than ever astounded at Mr. Quinlan's having been taken in by any stocks presented by Mr. Silver. Mr. Quinlan explained to the President that both Mr. Silver and Mr. Grubel had been taken back.

Mr. Silver and Mr. Grabel had been doing business with the bank for about six years; that they had each of them borrowed a great deal of money from time to time, and that up to about six months ago each of them had offered the very best kind of gilt-edged securities as collateral, and had always repaid the loans when due.

Mr. Quinlan said to the President that he had not in any way benefited by lending the money, but he said that on one occasion, about a year ago, six months before any bad collateral was given for loans, one of the men whom he thought his personal friend presented to him a block of stock in one of the Western companies in which

Mr. Quinlan said he had accepted it, though now he blamed himself bitterly for having done it. However, it had nothing directly to do with the loans he had made, although, of course, it increased his friendliness for the giver and probably made him more vulnerable than he might otherwise have been. Mr. Quinlan said that he hoped his fears regarding the value of the collateral that he had

President Williams asked him about the securities in detail, and made up his own mind that they were not good. At least, he was very certain that he himself would never have lent an such amount of money on them. Mark

They were not securities of which he had never heard. There was a quantity of them. Mr. Quinlan told him of all the bright prospects of all of Mr. Grabel's companies as described by Mr. Grabel. He told him that not only had he known Mr. Grabel as a customer of the bank, but he had also known him socially, and believed in him and in his

honesty. He said that Mr. Graebel lived at the Waldorf when in this city, that he believed him to be wealthy and able to make good all the loans he had received. He confessed that he had also been very friendly with Mr. Silver, and his information about the value of the stock of the carbon company of which Mr. Silver was President indicated that it was almost glibbed security, even if the company was not

extraordinarily well known. Mr. Williams told him again that he didn't think the security was any good.

After Mr. Quinlan had gone Mr. Williams sent out notices to all of the directors of the bank asking them to call on him at his house, and within a few hours there was a meeting held there. He laid the whole matter before them and told them everything that Quinlan had said. He also said that he believed

that the loans would be practically a loss. He told the directors that he did not believe that Mr. Quinlan had intended any wrong; he had simply made some bad loans, and then instead of reporting them, as he should have done, had made others to the same parties, in the hope that the whole thing would come out all right, honestly believing all the time

All of the directors agreed with Mr. Williams in this opinion of Mr. Quinlan; not a single man intimated that he would entertain a single suspicion as to Mr. Quinlan's absolute honesty in the matter. He was personally known to every man and implicitly trusted by each. They hoped with him that the opinion of the President as to the worthless character

acter of the collateral he had accepted would turn out wrong. But they agreed further that his long and hard service in the bank, with but little rest, had impaired his judgment and destroyed his value as cashier of a bank. They agreed that he had overworked himself in his thirty-six years of service, and that this was responsible for his fault. Therefore, when the President suggested that his resignation should be asked for the suggestion was agreed to, and

Mr. Williams notified Mr. Quinlan that he wanted his resignation.

Mr. Quinlan talked with the President about it before he wrote it out, and insisted on putting in his letter all about his fault, even to the acceptance of stock in a company from one of the men. Here is the resignation:

"NEW YORK, Jan. 31, 1908.

"To the Directors of the Chemical National Bank.

"GENTLEMEN: Within the last few months I have made loans, without consulting the President, to the amount of about three hundred and ninety-three thousand (\$393,000) dollars on collaterals which I knew that you would not approve, and hence I have concealed these loans from you by methods which were not right.

I have not been interested personally in them and have not received one dollar of the proceeds of them,

nor in business instances received any benefit from them, and then but for a moderate amount, nor have I ever speculated to the extent of a single share in Wall street. My error has arisen from overconfidence in the representations of those to whom these loans were made, and while I hope eventually my loss will arise from them, I acknowledge the justice of the request for my resignation, which is hereby presented, both as a director and as cashier of the Chemical National Bank. This terminates a faithful

It was agreed by the officers of the bank that nothing should be said about the matter for several days; at least not until every one of the securities that Mr. Quinlan had accepted and that the bank held had been investigated and its value was known. On Monday the work of